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APPENDIX III.

[Vide answer to starred question No. 454 asked by Sri S. M. Annamalai at the meeting of the Lisgislative Assembly held on 24th February 1961, page 404 supra.]

NATIONAL DEVELOPMENT COUNCIL DISCUSSIONS.

New Delhi, September 13, 1960 (*Bhadra* 22, 1882).

At its session this morning the National Development Council recorded its general approval of the draft outline of the third plan, and also laid down the broad criteria for determining the outlays for the plans of States. The Council emphasised that these plans had far-reaching significance both for the development of individual States and for national development and that greater attention should be given than had been possible so far to the less developed areas of each State. In drawing up the plans of individual States, the broad objectives would be—

(1) to make the maximum contribution to the increase of agricultural production;

(2) to secure the largest possible measure of increase in employment;

(3) to develop social services, in particular elementary education, water-supply and sanitation and health services in rural areas; and

(4) to raise the levels of living in the less developed areas.

State plans will be oriented towards increase in production and employment and the welfare of the weaker sections of the population.

STATE PLANS.

The Deputy Chairman of the Planning Commission, Shri Gulzari Lal Nanda, stated that any substantial increase in the size of the Third Plan beyond the levels indicated in the draft outline was not feasible. He stressed that the size of the plan was in fact closely bound up with the manner in which it was implemented. He pointed out that the Planning Commission had a difficult task in attempting to adjust the outlays for different States within the limits of the draft plan and said that, while large reductions in the outlays suggested by the States could not be avoided, the Planning Commission would endeavour to undertake this task in consultation with the States and in as objective a manner as possible.

The Council agreed that in drawing up State plans, due attention should be given both to National and to State priorities. All the States were not equally well placed in the matter of resources. Therefore, while ensuring that the scale of development in States whose resources were unavoidably small, was not altogether

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insufficient, in the case of States which were able and willing to make a bigger effort in mobilising their own resources, this factor would also need to be taken into account. Population and area were specially relevant to a general assessment of the economic conditions and needs of each State. In addition to these, the other factors to be considered would be—

(1) provisions required for the completion of projects under execution at the end of the second plan and for deriving full benefits from the assets and services which had been brought into existence,

(2) provisions required for achieving certain basic national targets, such as increase in agricultural production, expansion of employment opportunities, introduction of free and universal education for the age group 6–11 years and the provision of certain minimum amenities to the rural areas,

(3) provisions for the power programme which was linked closely with the fulfilment of major industrial targets and also provided for general industrial development,

(4) measures needed for making up for vital development lags in different States and for dealing with the special problems of low income areas which suffered from a great deal of under-employment, and

(5) provisions needed for conservation of natural resources through measures such as anti-water logging, drainage, afforestation, etc.

The Council agreed to consider the results of discussions at its next meeting to be held about the second week of December

EXCISE DUTIES.

In the course of the discussion on the financial resources of States, the Chief Minister, Rajasthan, suggested that it would be to the advantage of States if excise duties on a number of commodities were collected by the Central Government for distribution among States, as was being done already for cloth, sugar and tobacco. The Council agreed that the question of excise duties on some further commodities being collected by the Central Government with a view to distributing between States should be considered afresh. In order to do so; the Council decided to review recent experience and obtain data regarding the consumption in different States of cloth, sugar and tobacco. Accordingly, the Central Statistical Organization was directed to collect the necessary information on this subject within about six months. The data will be submitted to the next Finance Commission.

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NATIONAL DEVELOPMENT COUNCIL DISCUSSES CO-OPERATIVES.

New Delhi, September 13, 1960 (*Bhadra* 22, 1882).

The National Development Council at its meeting today considered policy questions relating to co-operative credit and co-operative farming.

Co-operative Credit.

At its meeting in November 1958, the Council had passed a Resolution on Co-operative Policy which declared that co-operatives should be organized on the basis of the village community as the primary unit. Where villages were too small, with the consent of all the communities concerned, a number covering a population of 1,000 should be grouped together for the purpose of forming a co-operative society. Problems relating to co-operative credit have been recently reviewed by a Committee under the Chairmanship of Shri V. L. Mehta. The recommendations of the Committee were considered at the Conference of Co-operation Ministers at Srinagar in June 1960. In the light of these discussions, the National Development Council re-affirmed the principle that co-operatives should be organized on the basis of the village community as the primary unit, but that where villages were too small, the number of villages to be covered by a society might be increased to the minimum extent necessary in the interest of viability. The extension should be subject to the maximum limits of a population of 3,000, that is, 600 families or 300 cultivating families and a distance of not more than three or four miles from the headquarters village.

While providing for flexibility, the essential characteristics of co-operative society, namely, voluntary basis, close contact and social cohesion and mutual obligation should be ensured.

The Council considered a population of 3,000 to be ordinarily too big for a primary village society and decided that within a broad framework of policy, co-operative societies should be allowed to develop on their own. It was not desirable to lay down unduly rigid rules on the subject of organization and size of co-operative societies and particular care should be taken to ensure that existing societies were not interfered with merely because they did not strictly comply with the pattern of organization which was envisaged.

The Council agreed to share capital participation in primary societies. This would be ordinarily limited to Rs. 5,000 and would be subject to an equal contribution being made by the members of the society. The State contribution would be spread over a period of five to eight years during which the society might be expected to reach the optimum level of share capital required and would then be retired over a period. The Council asked the

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Planning Commission to study further the question whether participation in the share capital of primary co-operatives should be indirect through apex and central co-operative banks or might also be undertaken directly by the State Government.

GRANTS.

To enable co-operative societies to extend credit facilities to all classes of cultivators, specially the marginal and sub-marginal cultivators, it was agreed that outright grants might be made by Government towards special bad debts reserves of central banks and primary co-operatives. Grants to primary societies would be conditional on their admitting as members all cultivators who wished to join the societies and also providing credit to small, marginal and sub-marginal cultivators, whether owners or tenants, on a reasonable scale within as short a period as possible.

CO-OPERATIVE FARMING.

The Council also considered the policy relating to co-operative farming in the light of the recommendations made by the Working Group under the Chairmanship of Shri S. Nijalingappa and the Conference of Co-operation Ministers held at Srinagar in June 1960. The Council agreed to the Working Group's proposal to undertake 3,200 pilot projects in addition to the programmes for the development of co-operative farming which will be formulated by States during the next three months. The Council did not consider it necessary to lay down specific targets for the number of co-operative farming societies to be set up in the third plan, but suggested that the objective should be to build up sound foundations for the development of co-operative farming so that, over the next ten years or so, a substantial portion of the agricultural lands was cultivated on co-operative lines. The principle that there should be no compulsion in the organization of co-operative farming societies, was also re-affirmed by the Council.

In view of that fact that co-operative farming societies would take up comprehensive production programmes and would generally need credit on a larger scale than individual cultivators, the Council agreed that in the case of societies which were composed predominantly of landless cultivators and marginal and sub-marginal farmers and were taken up in the pilot projects programme, Government might participate in the share capital, subject to a ceiling of Rs. 2,000 to be retired over a period of ten years.

The Council emphasized that policies for promoting co-operative farming and service co-operatives at the primary level should not cut across one another and at all stages co-operative farming should be visualized as a stage in co-operative development and not as a programme isolated from the normal pattern of growth of the rural economy to be achieved through community development. Where a group of cultivators in the village formed a co-operative farming society, the society should be a member of the local service co-operative.

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The Council also approved of special assistance being given to co-operative farming societies. This would include grants not exceeding Rs. 1,200 towards managerial expenses spread over a period of three to five years, assistance for the construction of godowns and cattle sheds and medium and long-term loans.

PRICE POLICY COMMITTEE.

New Delhi, September 13, 1960.

The Price Policy Committee of the National Development Council met this afternoon at the residence of the Minister of Home Affairs, Shri Govind Ballabh Pant. The Chief Ministers of Madhya Pradesh, Orissa, Maharashtra and West Bengal and the Union Ministers of Finance, Planning, Food and Agriculture, Commerce and Industry and Steel, Mines and Fuel were amongst those who participated. Various aspects of price policy were reviewed, and it was agreed that all measures necessary for keeping the price situation under control should be taken and that the effort to mobilise resources should be started with the commencement of the third plan.

COMMITTEE ON NATIONAL INCOME DISTRIBUTION.

New Delhi, September 13, 1960.

At the meeting of the National Development Council today, the Prime Minister announced that the Planning Commission proposes shortly to set up an expert Committee whose terms of reference would be—

(1) to review the changes in the levels of living in the First and Second Five-Year Plans;

(2) to study recent trends in the distribution of income and wealth, and, in particular;

(3) to ascertain the extent to which the operation of the economic system has resulted in concentration of wealth and means of production.

The Committee would be concerned with the collection of the necessary statistical and economic data.